

TOP SECRET

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II. ASIA-AFRICA

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Cyprus: A strict curfew has been imposed on major towns on Cyprus. British security forces are on a stand-by alert, and the British police force is being doubled in an attempt to prevent the wave of violence sweeping the island from developing into full-scale communal warfare. Leaders of both the Greek and Turkish communities have formally joined Governor Foot in an appeal for an end of violence.

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Thailand: A cabinet reshuffle probably will be completed within the next few days. Instigated by Field Marshal Sarit, the action is intended to shore up the position of Premier Thanom by removing elements most vulnerable to charges of corruption and leftist inclinations. (Page 4)

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DAILY BRIEF

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*Honduras: Dr. Milton Eisenhower's two-day visit in Honduras, which is to begin on 16 July, may coincide with a strike which has been threatened by the 13,000 employees of the United Fruit Company. The company's labor contract expires on 15 July and neither side appears willing to compromise. A number of army officers favor using any strike to justify an attempt to overthrow the Villeda Morales regime,

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DAILY BRIEF

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II. ASIA-AFRICA

Thai Cabinet Reshuffle in Progress

A reorganization of Thai Premier Thanom Kittikachorn's cabinet will probably be completed within the next few days as an important step in Field Marshal Sarit's program to stabilize the political situation in Bangkok and to shore up the position of Thanom, who ranks just below Sarit in the hierarchy of the ruling military group.

Sarit's half-brother has already resigned as deputy minister of industry because of his involvement in recent scandals in the government sugar and lottery monopolies. Lt. Gen. Chitti, who ranks high in the ruling clique, is also expected to leave the cabinet because of involvement in excessively corrupt practices. The prospective departure of as many as three other ministers, believed to have strong leftist inclinations, is also widely rumored. One of the three is a close friend of Sarit.

Sarit's willingness to force out individuals who have long been closely associated with him points up his sensitivity to public criticism of corruption in the government and his concern lest the continued presence of leftists in the cabinet embarrass him in his steadily improving relations with the United States.

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Labor and Political Crises in Honduras May Coincide
With Dr. Eisenhower's Visit

Political tension is mounting in Honduras, and a crippling strike by the 13,000 workers of the United Fruit Company, which may occur on or shortly after 15 July, could touch off a military coup attempt. Dr. Milton Eisenhower is scheduled to arrive in Honduras for a two-day visit on 16 July.

The United Fruit Company, which dominates the economy of the important north coast area, has refused any major concessions to labor in negotiations for a new labor contract to replace the one expiring on 15 July. The anti-Communist leaders of the dominant union, which is the virtual keystone of the entire Honduran labor movement, is fighting a continual battle with a Communist minority for control of the union and feels it cannot afford to back down on its wage and other demands. Although both sides have agreed to continue negotiations beyond the expiration of the contract, an impasse could arise at any time and result in a strike.

The government of President Villeda Morales, which was widely popular when it entered office last December, is fast losing prestige. [REDACTED]

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[REDACTED] The fiscal situation has been poorly managed, and the government has not had the funds in recent weeks to pay salaries to military or civilian officials. A growing number of army officers are becoming increasingly embittered, and an undetermined number would use a fruit company strike to justify a military coup. [REDACTED]

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